



County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
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WILLIAM T FUJIOKA  
Chief Executive Officer

April 19, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER  
INPATIENT TOWER RENOVATION PROJECT  
APPROVE VARIOUS ACTIONS  
SPECS. 7055; CAPITAL PROJECT NO. 88945  
(SECOND DISTRICT) (3 VOTES)**

**SUBJECT**

The recommended actions will find that the Ancillary Building component of the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project is exempt from the California Environmental Quality Act; award a design-build contract; and approve related actions for the construction of the Inpatient Tower Renovation Project.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the Ancillary Building component of the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project is exempt from the California Environmental Quality Act as stated in this letter and in the record of the project;
2. Approve the Ancillary Building component as part of the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project;
3. Find that Hensel Phelps Construction Company, is the most advantageous and best value proposer; award a design-build contract to Hensel Phelps Construction Company, for a maximum contract sum of \$165,100,000, which includes a design completion allowance amount of \$5,000,000; and authorize the

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Board of Supervisors  
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Director of Public Works to execute the contract, upon receipt of acceptable and approved Faithful Performance and Labor and Materials Bonds and insurance certificates filed by the design-builder, and to establish the contract effective date for the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project;

4. Approve use of \$25,166,000 of the Martin Luther King, Jr. Medical Center Multi-Service Ambulatory Care Center Project budget (Capital Project 70947) for the construction of the central plant scope as part of the Hensel Phelps Construction Company, design-build contract;
5. Authorize the Director of Public Works, in coordination with the Chief Executive Office, to control the use of the design completion allowance of \$5,000,000, including the authority to reallocate all or any portion of the design completion allowance into the contract sum for the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project; and
6. Authorize the Director of Public Works to execute consultant services agreements for a \$200,000 not-to-exceed fee with each of the two qualified proposers that were not selected as the design-builder for the project, enabling the County to use all design and construction ideas and concepts included within their proposals for the Martin Luther King, Jr. Medical Center Inpatient Tower Renovation Project.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the recommended actions will find the implementation of the Ancillary Building, as a component of the Martin Luther King, Jr. Medical Center (MLK) Inpatient Tower (IPT) Renovation Project, exempt under the provisions of the California Environmental Quality Act (CEQA) and enable the County to proceed with the design and construction of the MLK IPT Renovation Project.

#### **Background**

On August 18, 2009, your Board established Capital Project No. 88945 for the MLK IPT Renovation Project and Capital Project No. 70947 for the MLK Multi-Service Ambulatory Care Center (MACC) Project at MLK Medical Center, and on November 3, 2009, your Board authorized the Department of Public Works (Public Works) to proceed with the design of the two Projects.

Upon the successful conclusion of a "best value" proposal process, it is recommended that Hensel Phelps Construction Company, (Hensel Phelps) be awarded a design-build agreement to complete the design and construction of the MLK IPT Renovation Project.

The scope of this Project is to renovate approximately 194,000 square feet of the existing six-story, base isolated IPT Building to create a new 120-bed community hospital. The new hospital will support an estimated 30,000 annual emergency room visits, in addition to accommodations for 10,000 annual outpatient visits.

The Project also includes a new Ancillary Building of approximately 25,000 square feet to house the medical center's cafeteria and hospital administrative offices. The new Ancillary Building will be designed to meet minimum Leadership in Energy and Environmental Design Silver certification standards.

In addition, the Project includes renovation and seismic upgrade of approximately 20,000 square feet of the existing 2-story Hospital Service Building, and approximately 8,000 square feet of the existing single-story Main Lobby/Admitting Building.

The Project scope will also expand and upgrade the existing Central Plant. This includes seismic strengthening of the existing buildings to comply with Senate Bill 1953 requirements, replacement of existing aging equipment, construction of a new building to house chillers and cooling towers, as well as construction of a new generator building. The Central Plant will serve both the IPT and MACC facilities on the MLK campus. The costs to renovate the Central Plant will be prorated to each of these Projects based on projected levels of use. All design and construction, however, will be completed under the Hensel Phelps IPT design-build agreement.

#### Consultant Services Agreements

Upon your Board's approval, the second and third highest ranked qualifying proposers for the MLK IPT Renovation Project will each be paid a stipend of \$200,000 pursuant to consultant services agreements, which afford the County the right to use the information and ideas submitted by the proposers.

#### Green Building/Sustainable Design Program

The MLK IPT Renovation Project will support your Board's policy for Green Building/Sustainable Design Program. The new Ancillary Building will include sustainable design features for certification at a Silver or higher level under the United States Green Building Council Leadership in Energy and Environmental Design for new building construction, including but not limited to, water and energy conservation features, addressing water run-off, enhancing indoor environmental quality by using low-gas emitting building materials, and providing daylight through much of the building.

Public Works will work with Hensel Phelps to include sustainable design features to optimize energy efficiency. This includes replacing and/or upgrading the mechanical, electrical, and plumbing systems, use of recycled and low-gas emitting materials, and use of alternative transportation methods.

### **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan directs the provision of Operational Effectiveness (Goal 1), and Children, Family, and Adult Well-Being (Goal 2) by investing in public health infrastructure to enhance the safety of patients and staff. Completion of these projects will provide much needed improvements to the facility and for the residents of the County.

### **FISCAL IMPACT/FINANCING**

The total project cost of the MLK IPT Renovation Project, previously approved by your Board, continues to be maintained and estimated at \$228,380,000. This cost estimate includes \$15,179,000 required for the renovation of the Central Plant based on the IPT's proportionate use of the Plant. The total cost to renovate the Central Plant is estimated at \$40,345,000. The prorated balance of \$25,166,000 in Central Plant construction and renovation costs will be incorporated into the MLK MACC Project budget, and will be presented to your Board for final approval in the Fall of 2011.

Notwithstanding, the proration of the Central Plant renovation between the two Project budgets, all design and construction activity will be completed under the Hensel Phelps IPT contract. The cost of the recommended IPT design-build contract with Hensel Phelps has been negotiated for a maximum contract sum of \$165,100,000.

As previously approved by your Board, the Projects are currently funded through the issuance of tax-exempt commercial paper, but will ultimately be financed with proceeds from the issuance of long-term, tax exempt bonds. The MLK IPT Renovation Project Schedule and Budget Summaries are included in Attachment A.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The design-build contract will be in the form previously reviewed and approved as to form by County Counsel. The recommended contract was solicited on an open competitive basis and in accordance with applicable federal, State, and County requirements.

These contracts contain terms and conditions supporting your Board's ordinances, policies, and programs, including but not limited to: County's Greater Avenues for Independence and General Relief Opportunities for Work Programs (GAIN/GROW),

Board Policy No. 5.050; Contract Language to Assist in Placement of Displaced County Workers, Board Policy No. 5.110; Reporting of Improper Solicitations, Board Policy No. 5.060; Notice to Contract Employees of Newborn Abandonment Law (Safely Surrendered Baby Law), Board Policy No. 5.135; Contractor Employee Jury Service Program, Los Angeles County Code, Chapter 2.203; Notice to Employees Regarding the Federal Earned Income Credit (Federal Income Tax Law, Internal Revenue Service Notice 1015); Contractor Responsibility and Debarment, Los Angeles County Code, Chapter 2.202; the Los Angeles County's Child Support Compliance Program, Los Angeles County Code, Chapter 2.200; and the standard Board-directed clauses that provide for contract termination or renegotiation.

### **ENVIRONMENTAL DOCUMENTATION**

On August 18, 2009, your Board established the MLK IPT and MACC Projects, and found the MLK IPT Renovation Project was categorically exempt from CEQA.

On October 19, 2010, your Board authorized the addition of the Ancillary Building to the MLK IPT Renovation Project scope in response to jurisdictional direction from the State's Office of Statewide Hospital Planning and Development. Implementation of the Ancillary Building is categorically exempt from CEQA pursuant to Section 15302(b) of the State CEQA Guidelines and Class 2(a) of the County's Environmental Document Reporting Procedures and Guidelines, Appendix G based upon the following findings:

- The movement of existing ancillary campus functions, consisting of food service and administrative activities, as well as the building entry lobby to streamline and consolidate them in a new campus structure is within a class of Projects that have been determined not to have a significant effect on the environment;
- The new structure is located within 350 feet of the existing structure that currently houses ancillary functions and will have the same purpose and capacity as the ancillary services structure replaced; and
- The project is not located in a sensitive environment and there are no cumulative impacts, unusual circumstances, or other limiting factors that would make the exemption inapplicable based upon the project records.

Prior to the decision to move the Ancillary Building to the MLK IPT Renovation Project, the Ancillary Building was included in the Environmental Impact Report for the MLK Medical Center Campus Redevelopment Project that is currently being finalized. The County will not reuse the existing structures currently housing the ancillary services at the MLK campus until an environmental review of proposed uses is recommended to your Board, along with any additional documentation required under CEQA.

Upon your Board's approval of the Project, Public Works will file a Notice of Exemption with the Registrar-Recorder/County Clerk in accordance with Section 15062 of the State CEQA Guidelines.

### **CONTRACTING PROCESS**

On June 17, 2008, your Board adopted the County policy for design-build project delivery. The Request for Proposals (RFP) and evaluation process were conducted in accordance with the adopted policy.

On August 18, 2009, Public Works informed your Board that make-ready construction, such as necessary building and interior demolition, relocation of utilities, and abatement of hazardous material would be completed using Board-approved Job Order Contracts. This make-ready work is currently underway to prepare the site for the MLK IPT Renovation and MACC Projects.

#### **Request for Proposal Process**

On May 5, 2010, Part A of the RFP, which consisted of a prequalification questionnaire, was issued to prequalify and shortlist prospective design-build entities for the MLK IPT Renovation Project. On June 7, 2010, questionnaires from four design-build entities were received. An Evaluation Committee (Committee) comprised of staff from Public Works, Chief Executive Office, and the Department of Health Services reviewed and ranked the questionnaires and shortlisted the three highest ranked submissions.

On September 2, 2010, Public Works issued Part B of the RFP, to the three design-build entities, which included Swinerton-HKS Architects, McCarthy-HDR Architects, and Pankow/Boldt-KMD Architects. Shortly thereafter, Pankow/Boldt-KMD Architects informed the County of their decision to decline participation in Part B of the design-build RFP process due to their increased workload. As a result, Hensel Phelps, which was found to be prequalified during the Part A review, was invited to participate in Part B of the RFP process.

On December 20, 2010, all three prequalified, shortlisted design-build entities participating in Part B of the RFP process submitted a final proposal.

The Committee reviewed and ranked the proposals based on criteria categories, including technical design and construction expertise, life cycle cost analysis at 20 years, skilled labor force availability, safety record, price, design-build team personnel and organization, delivery plan, and their price solutions. The three proposals were ranked in order from the highest averaged score to lowest averaged score.

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Hensel Phelps received the highest averaged score of 918.8 and was determined by the Committee to be the apparent best value proposer in accordance with provisions of the RFP. A summary reflecting the Committee's averaged scoring of the submitted proposals is included in Attachment B.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There will be no impact on current County services or projects resulting from approval of the recommended actions. Patient care services in the existing MACC and the Hawkins Building will continue without interruption during construction.

**CONCLUSION**

Please return an adopted copy of this letter to the Chief Executive Office, Capital Projects Division; the Department of Health Services; and the Department Public Works, Project Management Division I.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:RLR:DJT  
SW:TF:zu

**Attachments**

- c: Executive Office, Board of Supervisors
- Affirmative Action Compliance
- County Counsel
- Health Services
- Public Social Services (GAIN/GROW Program)
- Public Works

April 19, 2011

**ATTACHMENT A**

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER  
INPATIENT TOWER RENOVATION PROJECT  
APPROVE VARIOUS ACTIONS  
SPECS. 7055; CAPITAL PROJECT NO. 88945**

**I. PROJECT BUDGET SUMMARY**

<b>Project Activity</b>	<b>Board Approved Completion Date</b>	<b>Revised Completion Dates</b>
Environmental Impact Report	01/15/2011	02/15/2011
<b><u>C.P. 88945</u></b>		
<b>MAKE-READY</b>		
Programming	09/18/2009*	09/18/2009*
Design	04/29/2010*	04/29/2010*
Jurisdictional Agency Approval	07/27/2010*	07/27/2010*
Construction Bid and Award (JOC)	08/19/2010*	08/19/2010*
Construction		
Substantial Completion	11/01/2011	11/01/2011
Acceptance	12/01/2011	12/01/2011
<b>INPATIENT TOWER RENOVATION AND SUPPORT SPACE</b>		
Programming	09/18/2009*	09/18/2009*
Design	03/31/2011	03/31/2011
Jurisdictional Agency Approval	06/31/2011	06/31/2011
Award Design-build	03/01/2011	04/19/2011
Construction		
Substantial Completion	01/15/2013	03/15/2013
Acceptance	05/28/2013	08/30/2013
Building Occupancy	06/30/2013	09/15/2013
<b><u>C.P. 70947</u></b>		
<b>NEW MACC/ANCILLARY AND SUPPORT SPACE</b>		
Programming	09/18/2009*	09/18/2009*
Scoping Design	10/13/2010	10/13/2010
Award Design-Build	03/29/2011	03/29/2011
Jurisdictional Agency Approval	By Design Builder	By Design-Builder
Construction Bid and Award (D-B)	N/A	N/A
Construction		
Substantial Completion	06/23/2013	06/23/2013
Acceptance	12/23/2013	12/23/2013
Building Occupancy	03/23/2014	03/23/2014

\*Indicates actual date

**II. PROJECT BUDGET SUMMARY MLK IPT RENOVATION AND MAKE-READY (C.P. 88945)**

Budget Category	Previously Approved Budget	Impact of this Action	Current Project Budget
Land Acquisition	\$ 0	\$ 0	\$ 0
Construction			
Design-Build Contract	\$152,800,000	\$(12,866,000)	\$139,934,000
Job Order Contract	8,300,000	14,555,000	22,855,000
Change Orders Contingency	22,720,000	(2,845,000)	19,875,000
Proposer Stipends	0	400,000	400,000
Construction Consultants	0	0	0
Telecomm Equipment - Affixed to Building	0	0	0
Civic Arts	0	0	0
<b>Subtotal</b>	<b>\$183,820,000</b>	<b>\$ (756,000)</b>	<b>\$183,064,000</b>
Programming/Development	\$ 0	\$ 0	\$ 0
Plans and Specifications			
Architect/Engineer Fee	\$ 15,628,000	\$ 0	\$ 15,628,000
Design Contingency	\$ 2,900,000	0	2,900,000
<b>Subtotal</b>	<b>\$ 18,528,000</b>	<b>\$ 0</b>	<b>\$ 18,528,000</b>
Consultant Services			
Site Planning	\$ 0	\$ 0	\$ 0
Hazardous Materials	160,000	96,000	256,000
Geotech/Soils Report and Soils Testing	215,000	136,000	351,000
Material Testing	590,000	425,000	1,015,000
Consultant Peer Review Services	0	425,000	425,000
Inspection Services	1,700,000	450,000	2,150,000
Topographic Surveys	0	0	0
Construction Management	6,240,000	0	6,240,000
Document and Project Controls	3,205,000	0	3,205,000
Labor/Outreach/Local Worker Hiring Program	535,000	0	535,000
Move Management (Move Manager Only)	215,000	(215,000)	0
Equipment Planning	0	0	0
Consultant Contingency	0	878,000	878,000
<b>Subtotal</b>	<b>\$ 12,860,000</b>	<b>\$ 2,195,000</b>	<b>\$ 15,055,000</b>
Miscellaneous Expenditures	\$ 300,000	\$ 700,000	\$ 1,000,000
Jurisdictional Review/Plan Check/Permit	\$ 3,100,000	\$ 264,000	\$ 3,364,000
County Services			
Code Compliance Inspection	\$ 265,000	\$ 185,000	\$ 450,000
Quality Control Inspection	0	0	0
Design Review	215,000	(200,000)	15,000
Design Services	0	0	0
Contract Administration	535,000	(35,000)	500,000
Project Management	3,100,000	(2,860,000)	240,000
Project Management Support Services	2,852,000	2,494,000	5,346,000
ISD Job Order Contract Management	0	0	0
DPW Job Order Contract Management	215,000	206,000	421,000
ISD ITS Communications	1,175,000	(1,000,000)	175,000
Project Technical Support	1,500,000	(1,448,000)	52,000
Office of Affirmative Action	215,000	0	215,000
County Counsel	0	0	0
Other - Contract Management - LWHP	0	0	0
Other - Contingency	0	255,000	255,000
<b>Subtotal</b>	<b>\$ 10,072,000</b>	<b>\$ (2,403,000)</b>	<b>\$ 7,669,000</b>
<b>TOTAL</b>	<b>\$228,680,000</b>	<b>\$ 0</b>	<b>\$228,680,000</b>

April 19, 2011

**ATTACHMENT B**

**DEPARTMENT OF PUBLIC WORKS:  
MARTIN LUTHER KING, JR. MEDICAL CENTER  
INPATIENT TOWER RENOVATION PROJECT  
APPROVE VARIOUS ACTIONS  
SPECS. 7055; CAPITAL PROJECT NO. 88945**

**Proposal Summary – MLK IPT Renovation Project (C.P. 88945)**

<b>Proposer</b>	<b>Best Value Score (Max. Score = 1,000)</b>	<b>Base Price Proposal</b>
Hensel Phelps	918.8	\$177,710,545
Swinerton Builders	880.2	\$184,484,070
McCarthy Building Companies	844.8	\$180,129,999